

# **performance**



# **Management and Pay**

**Colorado Department of Human Services**

Performance Cycle May 1, 2001 – April 30, 2002



## **COLORADO DEPARTMENT OF HUMAN SERVICES PERFORMANCE MANAGEMENT AND PAY PLAN**

### **I. INTRODUCTION**

The Colorado Department of Human Services (CDHS) began the process of designing a performance management and pay plan for the department in August 1998. Accomplishments include the development of guiding principles, philosophies, training modules, a web site, resource guides, manuals, tool kits, communication avenues, and so on. For the most part, the information contained in those important resources will not be repeated here. The primary purpose of this Plan is to simply set forth the mechanics and common framework for implementing performance management and pay in this department.

Managers, supervisors, and employees are encouraged to refer to and apply the guidance provided in the above-mentioned resources when determining how to carry out this plan. Information is available on the department's web site located at <http://www.cdhs.state.co.us>. Assistance is also available from Office management or the CDHS Office of Performance Improvement, Personnel Division.

This plan will be continuously improved upon, as the concepts of performance management and performance continue to be practiced and more experience gained. Executive Management Team, employees, supervisors and managers will remain involved in the implementation and enhancement of the plan.

### **II. CDHS OFFICE PLANS**

CDHS encourages Offices and subordinate organizational units to be very creative and flexible in the design of Office performance management and pay plans, within the structure outlined in the department's plan. This CDHS Plan summarizes the core elements and values that must be contained in each Office plan.

Offices must submit their plans to the Office of Performance Improvement, Personnel Division for review and approval (by the Executive Director) prior to its implementation. Office Plans must be submitted by April 1, 2001, for the first year of implementation and whenever a change to the Office Plan is made. The Personnel Division will suggest changes to plans that do not comply with the CDHS plan, CDHS guidelines, rule, law, or other parameters.

### **III. PLANNING AND EVALUATION CYCLE**

The planning and evaluation cycle for all CDHS employees, and as defined in all Office plans, will be **May 1** through **April 30** of each year.

### **IV. PERFORMANCE MANAGEMENT**

#### **Performance Planning**

- Plans for employees must be in place within one month of the beginning of the new planning cycle (on or before May 31<sup>st</sup>), or within 30 days of hire or transfer.
- Completed plans remain with the agency for the duration of the plan year. Neither plans nor copies of plans are forwarded to the district personnel office.
- The performance planning process involves at least one meeting between the supervisor and the employee, and should include discussion of employee expectations, individual performance objectives, and the core competencies (described later in this document).
- Individual performance plans should support CDHS goals and objectives.

- The supervisor is required to prepare the performance plan within these established timeframes. If the supervisor fails to prepare a performance plan, the reviewer is responsible for completing the plan within 5 working days. If the reviewer fails to prepare a performance plan, the reviewer's supervisor is responsible for completing the plan within 5 working days. This process continues up the chain of command until the plan is completed.
- Absent extraordinary circumstances, failure by any supervisor to provide a timely performance plan will result in a corrective action and the supervisor's ineligibility to receive a performance award. This does not require that the supervisor's overall performance rating be at a Level 1. The Manager of OPI will notify the appropriate Office Manager of any supervisor's failure to comply based on information contained the CDHS Performance Management Tracking System, which is the official repository for performance plans and evaluations. A performance plan is not considered complete until it has been entered into the Performance Management Tracking System (described later in this plan).
- Team work can be measured as a component of an individuals performance plan and awards portioned accordingly.

#### Minimum Core Competencies

For the performance cycle May 1, 2001-April 30, 2002, performance plans for all CDHS employees will include, at a minimum, the following competencies:

- Communication - Effectively communicates by actively listening and sharing relevant information with co-workers, supervisor(s) and customers/clients so as to anticipate problems and ensure the effectiveness of the department.
- Interpersonal Skills - Interacts effectively with others to establish and maintain smooth working relations.
- Customer Service - Works effectively with internal/external customers and clients to satisfy service and product expectations.
- Organizational Accountability - Employee's work behaviors demonstrate responsible personal and professional conduct, which contribute to the overall goals and objectives of the department.
- Job Knowledge - The employee is skilled in job-specific knowledge that is necessary to provide the appropriate quantity and quality of work in a timely and efficient manner.
- Diversity - At the Colorado Department of Human Services, Diversity is about the fair and equitable treatment of individuals.

These core values represent the minimum competencies required for a performance plan. CDHS and Offices may choose to include additional competencies that are defined in their plans. Offices may further define these competencies as necessary for a particular job and may weight the competencies as deemed appropriate. **These competencies cannot be disregarded in the final rating for each employee.**

In addition to the core competencies that are required for every employee, all supervisors' plans must contain the following factor:

Performance Management – Effectiveness of performance management of subordinate employees, including development of plans and conduct of progress reviews and performance evaluations, dispute resolution, and award allocation (if applicable).

### **Progress Review**

Progress reviews, also known as “Interim Evaluations” and “Mid-Year Reviews” provide a formal opportunity for a supervisor and employee to discuss the overall performance to date and are key to managing performance on an on-going basis. Each Office is required to have at least one (1) progress review during the planning and evaluation cycle, which must be recorded in the Performance Management Tracking System. Offices may decide to have more than one progress review. Further, supervisors are encouraged and expected to provide coaching and feedback to employees on a regular basis throughout the performance cycle year.

### **Performance Evaluation**

- Evaluations of employees’ performance based on the employee’s performance during the previous year must be conducted within one month after the end of a planning cycle (on or before May 31<sup>st</sup>), or within 30 days of the transfer or termination of an employee.
- Evaluations must be completed for any employee with a plan in place at the end of the planning cycle, or for any employee who should have had a plan in place based upon these guidelines.
- The performance evaluation process involves at least one meeting between the supervisor and the employee.
- The final evaluation will be reviewed and signed by a higher-level reviewer (may be Division Director, Office Manager or other party).
- The supervisor is required to conduct the performance evaluation within these established timeframes. If the supervisor fails to conduct a performance evaluation, the reviewer is responsible for completing the plan within 5 working days. If the reviewer fails to prepare a performance plan, the reviewer’s supervisor is responsible for completing the plan within 5 working days. This process continues up the chain of command until the evaluation is completed.
- Absent extraordinary circumstances, failure by any supervisor to provide a timely performance evaluation will result in a corrective action and the supervisor’s ineligibility to receive a performance award. This does not require that the supervisor’s overall performance rating be at a Level 1. All supervisors who fail to complete evaluations within 30 days of the corrective action are subject to C.R.S. 24-50-118 (current statutory requirement for suspension). The Manager of OPI will notify the appropriate Office Manager of any supervisor’s failure to comply based on information contained the CDHS Tracking System, which is the official repository for performance plans and evaluations. A performance plan is not considered complete until it has been entered into the Performance Management Tracking System.
- Supervisors are required to conduct evaluations for all employees. Supervisors must conduct a formal evaluation when an employee transfers or terminates employment. A Final Evaluation is required when an employee leaves CDHS; an interim evaluation is required when an employee changes jobs within CDHS.
- If a rating is not given, the employee’s overall evaluation shall be satisfactory (Level2) until a final rating is completed.

## **V. Ratings**

CDHS final performance evaluation ratings will be based on a qualitative (non-numerical) system. Final ratings must fall into one of four categories:

- **Level 1** – described as unsatisfactory, needing improvement, and not meeting expectations or standards.
- **Level 2** – described as good, successful, and meeting expectations or standards.

- **Level 3** – described as commendable, very good, and exceeding expectations.
- **Level 4 – described as outstanding, excellent, exceptional performance that consistently exceeds expectations or standards beyond the regular assignment. This level is unique and difficult to achieve because it represents consistently exceptional performance beyond the regular assignment.**

Offices may utilize a numeric system to arrive at the non-numerical rating. If a numerical scale is used, it must use the following break-points to define the four evaluation levels. Because CDHS is on a non-numeric rating system, however, these point values are not part of the employee's official evaluation and are not entered into the Performance Tracking System.

100 to 259 = Level 1  
260 to 359 = Level 2  
360 to 459 = Level 3  
460 to 500 = Level 4

- Multi-source assessment processes should be considered for evaluating employees, where feasible.
- An employee whose final evaluation results in an overall rating of Level 2, Level 3, or Level 4 is eligible for a Performance Award as described below in Section X. Individual Performance Awards.
- An employee whose final evaluation results in an overall rating of Level 1 is subject to either a corrective action or performance improvement plan, as described in State Personnel Board Rules and Director's Administrative Procedures.

## **VI. Distribution of Ratings**

**As part of the implementation of performance management and pay, supervisors and/or managers must:**

- **discuss the distribution of ratings within offices/divisions/work units;**
- **evaluate the data, examine what is happening in these units determine if the distribution is appropriate; and if not,**
- **make whatever adjustments are necessary to ensure fair, equitable, and consistent evaluations of subordinates. Adjustments may include:**
  - **modification of the definition and application of competencies;**
  - **modification of rating standards; and/or**
  - **impose whatever other adjustments are necessary.**

Each Office will, at a minimum review all Level 4 ratings. Management review may occur at the Office, division, or other work unit level, as determined by the Officer Manager. **This review of ratings must occur prior to evaluations being discussed with employees.**

**Quotas or forced distribution processes for determining the number of ratings in any of the four performance levels shall not be established.**

## **VII. Compensation Philosophy**

The CDHS compensation philosophy sets forth the principles upon which cash and non-cash compensation decisions will be made. The "Department of Human Services Total Compensation (Cash & Non-Cash) Philosophy" is attached as Appendix A.

## **VIII. Dispute Resolution Process**

The CDHS Dispute Resolution Process is designed to be an open, problem-solving, quality assurance process; preserve working relationships; be fair, consistent and objective; include review by an impartial party(s) outside the supervisory chain, when possible; assure that both the employee and the supervisor have a responsibility in the process, and allow all parties an opportunity to have their issues heard. The CDHS Dispute Resolution process incorporates the following core elements.

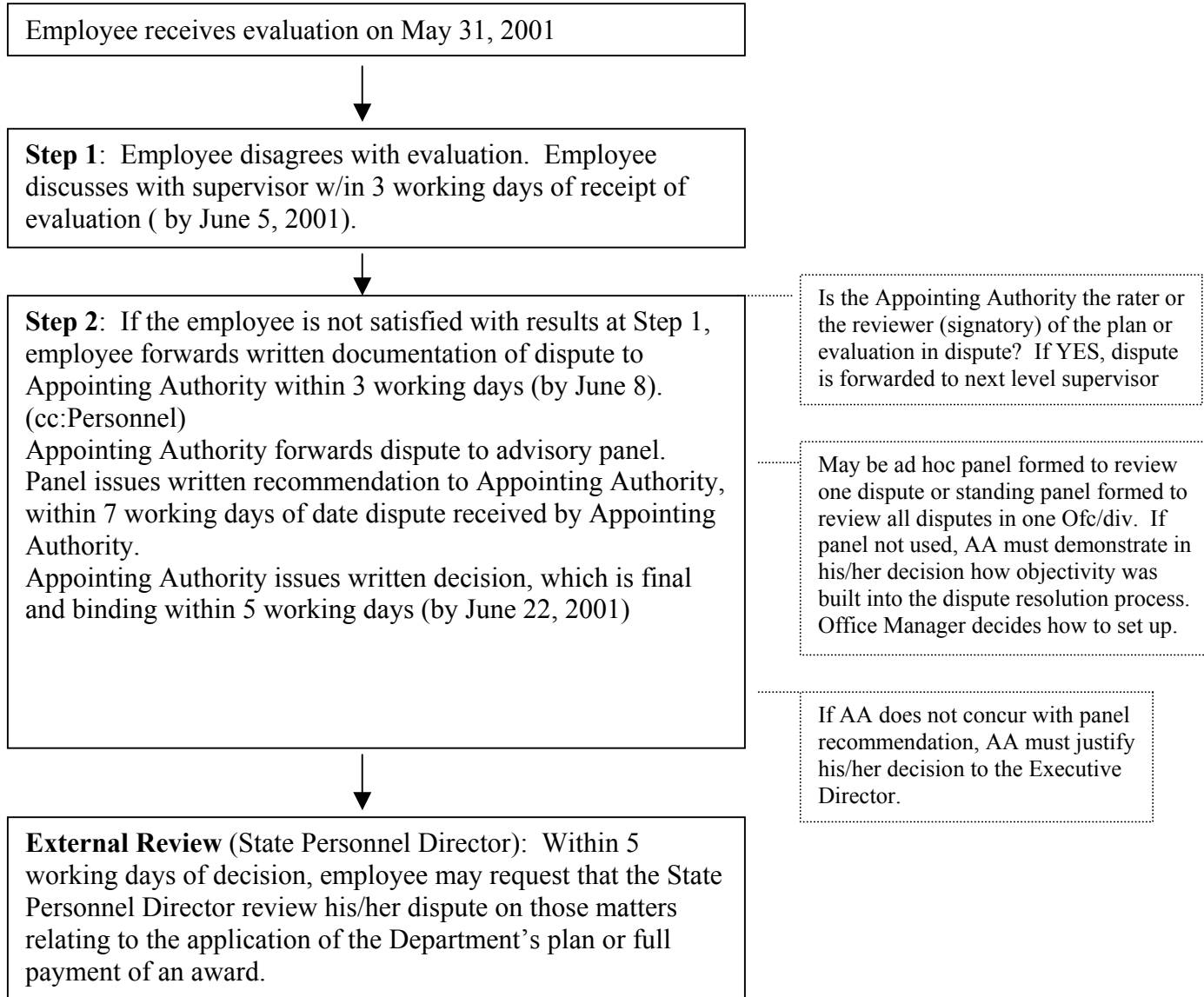
- The following are reviewable under the CDHS Performance Management and Pay dispute resolution process:
  1. an employee's individual performance plan, including lack of a plan;
  2. an employee's individual performance evaluation including lack of an evaluation;
  3. application of the CDHS performance-pay plan, policies, or processes to an individual employee's plan and/or evaluation; and
  4. full payment of a promised award.
- The following are not reviewable:
  1. content of the State, CDHS, or Office Plan;
  2. amount of money allotted to each agency and work unit;
  3. performance evaluations and awards of other employees;
  4. amount of a performance award, including whether it is base building or non-base building and the split between base and non-base building; and
  5. Interim rating / progress reviews
- Allegations of discrimination or retaliation for disclosure of information (whistle blowing) must be filed with the State Personnel Board, pursuant to Personnel Board Rule 8-29.
- Performance evaluations that result in a corrective action are grievable and are addressed through the CDHS grievance process.
- Employees are strongly encouraged to initiate discussions within their organizations by first approaching the supervisor whose actions are being disputed.
- No party has the absolute right to legal representation, but may have an advisor present. The parties are expected to represent and speak for themselves.
- Retaliation against any party involved in the Dispute Resolution process is prohibited.
- The dispute resolution process must be concluded within 25 calendar days of initiation (e.g., within 25 calendar days of the date the performance plan is completed). In no case shall a performance evaluation dispute conclude later than June 26.
- Only issues presented originally in writing will be considered throughout the review process.
- Dispute Resolution reviewer recommendations are advisory to the appointing authority, who will make the final decision.

### **STEPS IN THE CDHS (INTERNAL) DISPUTE RESOLUTION PROCESS:**

1. If an employee disagrees with his/her plan or evaluation, employee discusses such plan or evaluation with the plan/evaluation reviewer, within 3 working days of the receipt of the plan or evaluation. If the dispute involves application of the CDHS/Office plan or involves non-payment of a promised award, the employee meets with the reviewer within 3 working days of the date of their knowledge of the disputable action occurred.

2. If the employee is not satisfied with the results at Step 1, the employee forwards a written statement of the dispute, along with any supportive documentation, to the Appointing Authority within 3 working days of the date the employee met with the supervisor.
  - If the Appointing Authority is the supervisor or the reviewer (signatory) of the plan or evaluation, then the dispute shall be forwarded to the Appointing Authority's supervisor.The Appointing Authority forwards the dispute to an advisory panel.
  - The purpose of the panel is to provide the Appointing Authority with an objective review of the dispute and recommendation.
  - The panel may be formed to review one dispute or may be a standing panel formed to review all disputes in one Office or work unit. The Office Managers decides the panel process and the make-up of the panel.
  - It is expected that the Appointing Authority will use the panel process. However, if for extenuating circumstances a panel is not used, the Appointing Authority must demonstrate in his or her decision how objectivity was built into the dispute resolution process.
  - The panel issues a written recommendation to the Appointing Authority.
  - The panel may recommend whether the plan or evaluation should stand, whether errors occurred, suggest other appropriate processes, such as mediation, whether the CDHS Performance Management and Pay plan was followed. The panel may not substitute its judgment for that of the rater or reviewer.
  - The panel's written recommendation must be issued within 7 working days of the date the Appointing Authority received the dispute.The Appointing Authority issues a written decision, which is final and binding, within 5 working days of the date of the panel's recommendation.
  - If the appointing authority does not concur with the panel and issues a decision that is contrary to the panel's recommendation, the Appointing Authority must send a written explanation and justification of the decision to the Executive Director.
- After CDHS Dispute Resolution process has been exhausted, employee may request (within 5 working days of the final decision) that the State Personnel Director review his/her dispute on those matters relating to application of the agency's plan or full payment of an award.
- A description of the Dispute Resolution Process, including timelines and names or position of the appointing authority, shall be given to employees at the time of his/her evaluation. Employees must be given notice that they may, after completion of the internal process, submit a written request to the State Personnel Director for issues that concern the application of the CDHS Plan or full payment of an award, if relevant. This notice must contain the deadlines for filing (5 working days from the date of the appointing authority's decision), list of what must be included in the request, and the address for filing.

## DISPUTE RESOLUTION PROCESS EXAMPLE





## **IX. Allocation Process**

Once performance award funds have been allocated to the department through the annual Long Bill, they will be distributed throughout the department. The process for allocating those funds has not yet been determined. Once a process has been established, information about the process will be disseminated through the Executive Management Team and other means.

## **X. Individual Performance Awards**

- **Award allocation decisions will be made in the month of June following resolution of all disputes. Employees must be notified by June 30 of the final decision as to whether they have been granted a performance award and, if granted, whether the award is base building, non-base building or a combination.**
- **Appointing Authorities make performance award decisions, which should be consistent with the department's and Office's compensation philosophies, based on evaluations completed by raters and reviewers and within system boundaries.**
- Permanent employees are eligible to earn a performance award each year. Awards given may be base building, non-base building, a combination, or none.
- All performance awards will be a percentage of the employee's salary and will be effective on July 1. Evaluation and allocation award data will be entered into data bases and uploaded into the EMPL and CPPS/payroll systems to be implemented with the payroll. All awards are subject to available funding and no award will be guaranteed.
- Appointing authorities maintain the original, complete evaluations and notices of allocation awards (if any). The official performance plan, interim evaluation, and final evaluation records will be maintained in the CDHS Performance Tracking System described later in this document.
- Decisions regarding whether awards are given to newly hired and transferred employees are left to the discretion of the Office Manager. These decisions must be identified in Office plans.
- **Awards will be consistent with State Personnel Board Rules and Director's Procedures. Specifically:**
  - **Employees rated at Level 1 are not eligible for any performance award. A Level 1 performer may be reevaluated and, upon improvement, may be eligible (but not guaranteed) a performance award for the remainder of the year.**
  - **Employees rated at Level 2 are eligible for performance awards up to the pay range maximum, as outlined in the charts below.**
  - **Employees rated at Level 3 are eligible for performance awards up to the pay range maximum, as outlined in the charts below.**
  - **Employees rated at Level 4 are eligible for performance awards as outlined in the charts below. Only Level 4 performers are eligible for monetary awards above the range maximum, which must be non-base building.**
  - **CDHS has determined that all performance awards below the pay range maximum will be base-building up to the maximum of the pay range.**
  - **Non-monetary awards may be given to employees rated at Levels 2, 3, or 4, regardless of their position in the pay range and are not calculated in the total amount of the award.**
  - **Non-base building awards will be paid in one lump sum payment.**

**(P-2-18)**

<b><u>Employees with Salaries Below the Pay Range Maximum</u></b>	
<b>Performance Level</b>	<b><u>Award</u></b>
Level 1	<b><u>No performance award</u></b>
Level 2	<b><u>&gt; 0 to X%.</u></b>
Level 3	<b><u>&gt; X% to Y%</u></b>
Level 4	<b><u>&gt; Y% to Z%</u></b>
Awards are base-building up to the pay range maximum	
<b><u>Employees with Salaries At the Pay Range Maximum</u></b>	
<b>Performance Level</b>	<b><u>Award Eligibility</u></b>
Levels 1, 2 and 3	No performance award
Level 4	0 to Z%, non-base building. Awards are at the sole discretion of the appointing authority

- The State Personnel Director establishes the value of Z. This is done yearly through the Annual Total Compensation Survey recommendations, which are published each December. CDHS has not yet established the values of X and Y for performance awards effective July 1, 2002. Once those values have been established, that information will be disseminated throughout the organization.
- Regardless of performance level, an employee cannot be granted an award or combination of awards greater than the set performance award maximums. Level 2 and Level 3 performers cannot receive a combination of awards that result in a dollar amount greater than the pay range maximum.
- First year payouts are prorated based on employees anniversary date. (refer to work sheet below.)

**Colorado Department of Human Services  
PERFORMANCE MANAGEMENT AND PAY**

**FIRST YEAR TRANSITION – WORK SHEET**

What is “first year transition” about? Beginning July 1, 2002, employees will be eligible for performance-based awards. This is the first fiscal year in which we will implement performance-based awards and, for this year only, calculations of individual dollars will be based on an employee's anniversary date. This transition applies to all employees – even those who did not receive an anniversary increase in '01-'02.

What is the transition needed? All employees will be moved to a common performance award pay date (rather than individual anniversary dates). Employees that were not budgeted for 12 months' worth of anniversary increase are now eligible for 12 months' worth of a performance award – this leaves less dollars for performance awards the first year.

### FORMULA FOR CALCULATIONS, BASE-BUILDING AWARD

1. Enter the employee's monthly base salary as of July 1, 2002.     \$ _____ (a)												
2. What is the employee's performance award percentage?     % (b)												
3. What is the month of the employee's anniversary date: _____ (c)												
4. Using chart below, enter the number of anniversary months: _____ months (d) <div style="margin-top: 10px;"> <table style="width: 100%; border: none;"> <tr> <td style="width: 33%;">July = 12</td> <td style="width: 33%;">November = 8</td> <td style="width: 33%;">March = 4</td> </tr> <tr> <td>August = 11</td> <td>December = 7</td> <td>April = 3</td> </tr> <tr> <td>September = 10</td> <td>January = 6</td> <td>May = 2</td> </tr> <tr> <td>October = 9</td> <td>February = 5</td> <td>June = 1</td> </tr> </table> </div>		July = 12	November = 8	March = 4	August = 11	December = 7	April = 3	September = 10	January = 6	May = 2	October = 9	February = 5
July = 12	November = 8	March = 4										
August = 11	December = 7	April = 3										
September = 10	January = 6	May = 2										
October = 9	February = 5	June = 1										
5. Multiply the employee's monthly base salary (a) by the award percentage (b):  _____ (a) x _____ (b) = \$ _____ (e)												
6. Multiply the value of (e) above by the number of anniversary months (d):  _____ (e) x _____ (d) = \$ _____ (f)	Dollar amount of 1 <sup>st</sup> year performance award:  \$ _____ (f)											
7. Divide the 1 <sup>st</sup> year performance award (f) by 12:  _____ (f) ÷ 12 = \$ _____ (g)	<b>Monthly performance award:</b>  \$ _____ (g)											
8. Add the monthly performance award (g) to the employee's monthly base salary to get the employee's new monthly base salary.												

### NON-BASE BUILDING AWARD

Follow Steps 1-6 above, to arrive at the employee's 1<sup>st</sup> year award. This amount will be paid in one, lump sum payment.

## **XI. Communication**

CDHS remains committed to keeping all department employees continuously informed of the specifics related to the CDHS Performance Management and Pay plan.

- We want all employees to be informed on the basics of the plan and the decisions made.
- All employees are encouraged to continue to provide feedback regarding the CDHS Performance Management and Plan and its design and implementation.
- CDHS will use every communication vehicle available and appropriate to disseminate current and correct information as quickly as possible. These include, for example:
  - Internet, intranet, web site and e-mail
  - Issues of *Partner*, the CDHS newsletter
  - Bi-Monthly Employee Council Meetings
  - Quarterly Senior Executive Council meetings
  - Staff meetings
  - Annual Senior Management Meetings
  - Printed reference materials for employees, supervisors and managers
  - Office contacts (as designated in Office plans)

## **XII. Accountability**

The Performance Management Tracking System is an automated system that supervisors must use to enter individual employee performance planning and evaluation data. The automated system allows input and tracking of performance plans, performance evaluations (interim and final), supervisory compliance and non-compliance with the planning and evaluation criteria, and distribution of the evaluation ratings. Records contained in the system are the official performance planning and evaluation records for CDHS employees. Therefore, CDHS supervisors are obligated to abide by the requirements of the tracking system, including established timeframes. Performance plans and evaluations are not deemed complete until such time as they are entered and saved in the electronic tracking system.

The Office of Performance Improvement (OPI) uses this system to generate annual reports that are mandated by statute. In addition, OPI uses this system to identify supervisors who are not in compliance with performance management planning and evaluation requirements. The names of non-complying supervisors are forwarded to the Office Manager for imposition of sanctions, as described in the Performance Planning and Performance Evaluation sections. Sanctions include, for example, corrective action and disciplinary action, including suspension pursuant to C.R.S. 24-50-118.

## **XIII. Training**

All department supervisors are required to attend, at a minimum, the CDHS Performance Management and Pay Training for Supervisors. Supervisors may participate in this training via live presentation, video conference, or video tape. Attendance is tracked through the Performance Management Tracking System to ensure that all supervisors attend. Initially, CDHS will focus its efforts on making certain that all current supervisors are trained during the months of March and April 2001. Subsequent to that time, CDHS will offer supervisory training on an on-going basis and will use the tracking system to identify new supervisors. This will ensure compliance on an on-going basis.

In keeping the commitment to help make the performance management and pay successful across the department, several training modules have been developed and delivered to many CDHS employees at all levels throughout the organization. In addition, CDHS Staff Development and Training has continuously responded to several special requests for services, including assistance in developing performance objectives, facilitation in office planning, and creating performance plans that support the unit, Office, Department, and state missions. Training courses and other assistance will continue to be offered in the future. Relevant training topics include, for example:

- Performance Management
- Compensation and Allocation of Resources
- Dispute Resolution
- Rewards and Incentives
- Solving Employee Performance Problems
- Coaching for Performance
- Art of Superior Facilitation
- Communicating for Results
- Performance Planning
- Rating Performance

#### **XIV. Annual Reporting Requirements**

CDHS will comply with all performance-pay reporting requirements and will submit the required information for the department as a whole. As requested, the Executive Director of CDHS will report to the State Personnel Director the following:

- Total dollars appropriated for performance awards for the prior fiscal year.
- Total amount of those appropriated dollars awarded to employees for performance.
- Total amount of dollars awarded for each performance category.

Other information, as required by the State Personnel Director, will be reported by specified deadlines.